



STATE BOARD OF EQUALIZATION

1001 STREET, SACRAMENTO, CALIFORNIA
P.O. BOX 1799, SACRAMENTO, CALIFORNIA 95808

(916) 445-4982

GEORGE R. REILLY
First District, San Francisco

IRIS SANKEY
Second District, San Diego

WILLIAM M. BENNETT
Third District, San Rafael

RICHARD NEVINS
Fourth District, Pasadena

KENNETH CORY
Controller, Sacramento

DOUGLAS D. BELL
Executive Secretary

February 9, 1979

No. 79/29

TO COUNTY ASSESSORS:

TRANSSHIPMENT EXEMPTION - CLARIFICATION

Our letter number 79/21 of January 23, 1979 informed you that the district court of appeal in Zee Toys, Inc. v. County of Los Angeles, 85 Cal App. 3d 763, declared Revenue and Taxation Code Section 225 to be invalid.

The Zee Toys case involved goods imported from a foreign country and held to be transported to another state. The court declared the exemption invalid because it accorded different tax treatment to goods solely on the basis of their origin.

We have received inquiries on whether the court decision also invalidated the exemption to goods originating from another state and held for exportation to a foreign country. Our answer is yes, the court declared the exemption to be invalidated regardless of whether the goods were moving from a foreign country to another state or from another state to a foreign country.

As you will recall, the transshipment exemption applied to goods moving from a foreign country to another state and from another state to a foreign country but not to goods moving from another state and held in California for shipment to another state. This different tax treatment was the basis for the court declaring the entire exemption invalid.

Sincerely,

Verne Walton, Chief
Assessment Standards Division

VW:sk